N810 Newsletter

Milestone Decision Meetings WITHOUT Re-Validated ORD? (One more time)

The timeframe between acquisition milestones vary from program to program. At times, the period elapsed between milestones may reach five years or more. During that period the Service's priorities or force structure plans may change. Technological advances may render the envisioned solution obsolete or no longer required. Additionally, changes in National strategy or in the threat environment may require a different solution or changes to the solution at hand.

By revalidating the ORD, as mandated by DOD regulation 5000.2R, the approval authority reaffirms that the original requirements are still valid and that the ORD satisfactorily describes the materiel solution that satisfies the mission need it supports.

Recently, contrary to the guidance contained in the governing directives, a few programs have been making preparations to proceed to Milestone Decision Meetings without the required revalidation of the requirements documentation. DOD Regulation 5000.2R, CJCSI 3170.01A and SECNAVINST 5000.2B prescribe standardized procedures for DoD and DoN to administer designated acquisition programs based on their acquisition category (ACAT). The intent of these standardized procedures is to effectively define the characteristics of the proposed acquisition in sufficient detail to enable efficient procurement

while ensuring Joint interoperability and minimizing Service duplication within DoD.

It is clear in the DoD regulation (App. II) that: *"The Service Chief of Staff or his/her designated representative (or DoD Component Head if not a Service) shall approve the ORD prior to each milestone decision point and submit it to the DoD Component Acquisition Executive or appropriate milestone decision authority to be used in the preparation of program documentation such as baselines and specifications. For ACAT I programs, the Joint Requirements Oversight Council shall designate the approval authority for the ORD."*

The table in paragraph 5.8 of SECNAVINST 5000.2B shows the **mandatory milestone information for ALL ACAT programs**. *Milestone information shall be presented in mandatory formats where required by DOD 5000.2R and this instruction.* Note number 2 at the bottom of this page reads as follows: *"A new, or revised, ORD is not required for subsequent milestones if still current, but ORD __must be revalidated__ by JROC (ACAT I) and CNO or CMC, as appropriate, for subsequent milestones."*

This note is attempting to emphasize that for every milestone an ORD must be revalidated. If your requirements have NOT changed at ALL from the last revalidation, you can still use the SAME ORD but it would need to be revalidated. However, with the ORD format change in the recent revision of CJCSI 3170.1A, which requires some specific information that was not previously required in ORDs, every

ORD approaching a milestone decision meeting in the near future will have to be revised to conform to the new format. Additionally, in accordance with JROC Memorandum 132-99, dated 16 November 1999, ORDs that have projected a milestone decision meeting beyond 1 March 2001, must be revalidated prior to that date to conform to the new guidance. (See December 1999 edition of N810 Newsletter)

The Navy's ORD re-validation authority is the Chief of Naval Operations (CNO). This authority has been delegated to the Deputy CNO for Resources, Warfare Requirements and Assessments (N8) for ACAT II, III and IV programs.

In general, the rule of thumb is if your program is going to any kind of Program Decision Meeting (PDM), you should get N810 to look at the ORD at least six months before the meeting to make sure the ORD is still valid. Even if the PDM is not a major milestone (e.g., it's a LRIP decision between MS-II and III), we have to look at the ORD before the PDM to certify the requirements haven't changed since the last milestone. (Years can go by between MS-II and LRIP-- a lot can change in that time.) ORD re-validation is absolutely required prior to any programmatic meeting that results in the issuance of an Acquisition Decision Memorandum (ADM). And for those of you who have heard rumors about new DOD acquisition guidelines coming out in the near future, you should know that none of the requirements validation processes are expected to be changed by the new acquisition regulations.

Acquisition Program Baseline (APB) Requirements

The Acquisition Program Baseline (APB) is an essential part of the management of acquisition programs in DoD. The APB serve as a means of obtaining corporate commitment for a program from the entire acquisition chain of command, of measuring program performance, and of establishing the "trade-space" for the program management team. No acquisition program should be executed in any phase of acquisition without an approved acquisition program baseline.

To review, APBs contain objectives for key cost, schedule, and performance parameters. These objectives are accompanied by minimum acceptable requirements known as thresholds. Key parameters are those that, if the thresholds are not met, the MDA would require a reevaluation of alternative concepts or design approaches. Although the Milestone Decision Authority can add parameters he feels is necessary for program success, he cannot delete any validated KPPs derived from the approved ORD.

The schedule parameters include program initiation, major milestone decision points, initial operating capability, and any other critical system events.

The cost parameters shall reflect the total program and be realistic cost estimates, based on a careful assessment of risks and realistic appraisals of the level of costs most likely to be realized.

The law (Title 10) requires the APB to be updated prior to each milestone. In addition, N8 requires a verification of the key parameters in the APB prior to final approval of an ORD – for initial milestone and as part of the ORD revalidation process. When submitting your ORD for final approval, resource sponsors must submit a draft APB that supports the document revalidation phase and is consistent with the ORD parameters. In accordance with table in paragraph 5.8 of SECNAVINST 5000.2B. A new APB is required as mandatory milestone information for every milestone.

We've recently encountered a series of problems where key performance parameters listed in APBs that had made it all the way through the chop chain and were merely awaiting ASN(RDA) signature did not match the ORD. In some cases, the APB was changed after N810 conducted an initial chop. In other cases, we didn't see the APB until it was ready for final signature.

Due to these quality control problems, N810 was directed to review all APBs as a final chop just before milestone. Outcome of this review: **of the dozen or so APBs we've looked at over past 3 weeks, we've experienced >60% failure, where the requirements in the APB did <u>not</u> match the requirements in the ORD**. Understand that these were APBs that had already been signed by Resource Sponsor, Program Manager, and in some cases a DASN, and were merely awaiting ASN(RDA) approval.

Our investigation revealed two root causes: some Requirements Officer knew of the disconnect, or intentionally inserted the disconnect, thinking that the ORD requirements had to be embellished or "translated" into factors useful to the Program Manager. In other cases, the RO discovered after the ORD had already been approved that "these weren't the requirements we really wanted," and decided to correct the situation via the APB.

Until structural changes are implemented that would allow us to resolve these problems at a lower level, please pass the following to appropriate personnel in your organization:

- Requirements for ACAT 1D programs are the purview of the JROC. Other program requirements are owned by CNO, delegated to N8 for ACAT II and below. Nobody in OPNAV, Program manager shops, SYSCOMs, or elsewhere has the authority to delete, embellish, or translate requirements in either the ORD or APB.

- Requirements have to be prepared <u>in the ORD</u> so that they are useful to the Program Manager. If the ORD requirements aren't useful to the PM, then they aren't right.

- N810 would be happy to assist your Requirements Officers in the preparation of APBs, just ask. Early review is critical to getting these things right the first time.

Welcome Aboard to CDR Thor Aakre!

CDR Thor Aakre has reported aboard N810. Thor is a surface nuclear power trained officer. He joins us after successful completion of his Executive Officer tour aboard the USS Carr (FFG 52). Welcome aboard Thor!